Political risk fund for foreign investors

37. SHRI SURESH KALMADI:
SHRIMATI AMBIKA SONI:

Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to set up a political risk fund in order to restore the confidence of foreign investors and sluggishness that has overtaken the domestic investors;

(b) if so, the details thereof; and

(c) whether Government have identified the risks in States ruled by parties with different ideologies and the sectors in which the risk might be limited?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) No, Sir.

(b) and (c) Do not arise.

Net asset value of US-64

38. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether the UTI has fixed the Net Asset Value (NAV) of its US-64 scheme at Rs. 5.94 per unit of face value of Rs. 10/-;

(b) if so, the manner in which such a low NAV was arrived at;

(c) what has been its overall impact on the investors; and

(d) the manner in which Government propose to safeguard the interests of the investors?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) The US-64 scheme of the Unit Trust of India (UTI) has become Net Asset Value (NAV) based w.e.f. January 1, 2002. The NAV per unit of US-64 as on 1-1-2002 was Rs. 6.09 per unit.

(b) The NAV of units of mutual fund schemes are determined on the basis of income and market valuation of assets after providing for

the liabilities and expenses on a particular day. A below par NAV indicates that the value of assets of the scheme has depreciated below its cost of acquisition. The NAV changes in accordance with changes in the value of the underlying assets.

(c) and (d) UTI has recorded Rs. 52.25 crore worth of sales and Rs. 12.87 crore worth of repurchases at NAV related prices up to January 31, 2002. UTI, with financial support from Government of India, has delcared a special repurchase package enabling existing investors to redeem up to 5000 units per unit holder at pre-determined, progressively increasing prices upto May, 2003. This package covers 99 per cent unit holding accounts of US-64. Further, UTI has also offered to repurchase units at an assured price of Rs. 10/- for units not covered under the special package on 31st May, 2003.

High Rate of Inflation

39. PROF. M.M. AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the rate of inflation has gone up during the last one year; and

(b) if so, the details of the steps being taken or proposed to be taken by Government to bring the inflation rate down and to control the increase in prices of essential commodities?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) No Sir. The inflation rate based on wholesale price index had reached a low level of 1.13 per cent at the end of January, 2002. This is the lowest recorded in the past twenty years. Even for the group of 30 essential commodities taken together, the actual price rise (inflation) at the end of January, 2002 was only 1.9 per cent.

(b) Government's supply side policies have been very effective in keeping in check the price rise in most of the essential commodities. Open market sale of foodgrains out of the large accumulated food stocks have kept the market price of food items under control. Besides, raising of the monthly quota supplied under TPDS to BPL